

**MEETING MINUTES**  
**LIGNITE RESEARCH COUNCIL**

**November 26, 2002**

**Harold Schafer Leadership Center, University of Mary, Bismarck, ND**

**MEMBERS (or their authorized alternates) PRESENT:**

Randy Christmann, North Dakota Senate  
John Dwyer, Lignite Research Council  
Layton Freborg, North Dakota Senate  
L. David Glatt, North Dakota Department of Health  
John T. Graves, Minnkota Power Cooperative  
Mark Hager, International Brotherhood of Electrical Workers Local 714  
Carlyle Hillstrom, North Dakota Farm Bureau  
Stephen Hovey, BNI Coal, Ltd. / Minnesota Power  
Mike Hummel, BNI Coal, Ltd.  
Vernon Laning, Basin Electric Power Cooperative  
Ed Murphy, North Dakota Geological Survey  
John O'Laughlin, Dakota Westmoreland Corporation  
John Pelerine, Great River Energy  
Dean Peterson, The North American Coal Corporation  
Mike Pole, MDU Resources Group / Knife River Corporation  
Jan Rudolf, Otter Tail Power Company  
Fred Stern, Dakota Gasification Company  
Wilfred Volesky, Coal Conversion Counties Association  
Susan Wefald, North Dakota Public Service Commission

**OTHERS PRESENT:**

David Allard, Lignite Energy Council  
Jeff Burgess, Lignite Vision 21 Program  
Clyde Bush, Basin Electric Power Cooperative  
Karlene Fine, North Dakota Industrial Commission  
Vicki Gilmore, Lignite Energy Council  
Mike Holmes, Energy & Environmental Research Center  
Dennis James, The Falkirk Mining Company  
Carmen Miller, North Dakota Attorney General's Office  
Jim Deutsch, North Dakota Public Service Commission  
Harvey Ness, Lignite Research Council  
Debra Pflughoeft-Hassett, Energy & Environmental Research Center  
John Weeda, Great River Energy

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Lignite Research Council (LRC) chairman John Dwyer called the LRC meeting to order on November 26, 2002 at the Harold Schafer Leadership Center, University of Mary, Bismarck, North Dakota.

**Approval of August 27, 2002 LRC Minutes**

Dwyer asked for a motion to approve the minutes of the August 27, 2002 LRC meeting. Susan Wefald so moved; seconded by Dean Peterson. Motion carried.

**Financial Summary as of October 31, 2002**

Harvey Ness, technical advisor for the North Dakota Industrial Commission (NDIC) and the LRC, summarized the Lignite Research, Development and Marketing Program (Program) financial information that is available on the NDIC web site. As of October 31, 2002, available funding balances from the Lignite Research Fund (LRF) for the 2001-2003 biennium were as follows: \$219,038 for administration of the Program; \$100,000 in non-matching funds for lignite marketing feasibility studies (LMFS); \$192,068 in uncommitted funds for small research projects; a continuing balance of \$155,000 for the joint program with the U. S. Department of Energy, Electric Power Research Institute and other entities; and \$4,063,144 for demonstration projects.

**Lignite Research, Development and Marketing Program Updates**

Ness said that there are currently 20 active projects, totaling \$26.2 million in NDIC funds. These projects include: one lignite marketing feasibility study (concerning Partners for Affordable Energy); 15 small research projects (including seven mercury-related projects with a total of \$739,000 of state funds committed to them); and four active demonstration projects that were committed to for the 2001-2003 biennium. Three of the four demonstration projects are Lignite Vision 21 (LV21) Program-related. The one non-LV21 project's funds were committed prior to the 2001-2003 biennium. This is project FY98-XXVIII-80 ("Construction of a Forced Oxidation Plant for Gypsum Production"), for the purpose of constructing a gypsum plant at Great River Energy's Coal Creek Station for the manufacturing of wallboard. The three LV21-related projects are: Great River Energy's Lignite Vision 21 project, Montana-Dakota Utilities Company/Westmoreland Coal Company's Lignite Vision 21 project for Gascoyne, ND, and Great Northern Power Development's Lignite Vision 21 feasibility project.

**Lignite Vision 21 Program Update**

Updates about the LV21 Program's environmental strategies and transmission issues were presented by Jeff Burgess, LV21 Program manager of environmental services. There are three applicants under contract with the NDIC for LV21 demonstration projects: Great River Energy (contract approved April 19, 2001); MDU/Westmoreland (contract approved May 2, 2001), and Great Northern Power Development (contract approved September 7, 2001).

**Grant Round XLVIII (48) Grant Application: LRC-XLVIII-A: "Mercury and Air Toxic Element Impacts of Coal Combustion Byproduct Disposal and Utilization"; Submitted by: Energy & Environmental Research Center; Project Manager: Debra F. Pflughoeft-Hassett; Request for: \$37,500; Total Project Costs: \$1,500,000; Time Frame: 36 Months.**

Ness said that in the small research projects area, there is \$192,068 in available funds. If the request for proposal LRC-XLVIII-A is fully funded, the remaining available Lignite Research Fund balance for the small research projects area will be \$154,568.

Ness said that the goal of the proposed project is to evaluate potential impacts of mercury and other air toxic elements on the management of coal combustion byproducts (CCBs) under specific environmental conditions. Supporting objectives are to 1) Determine the potential release of selected air toxic elements such as mercury from CCBs under specific environmental conditions; 2) Increase the existing database on mercury and other air toxic elements with respect to potential release into the environment; 3) Develop appropriate laboratory and field experimental protocols; and 4) Develop comparative laboratory and field data.

Ness said that the three technical peer reviewers gave the proposal an average weighted score of 186 out of 250 points. (The weighted scores were 234 out of 250 points from reviewer 02-15, 181 out of 250 points from reviewer 02-16, and 143 out of 250 points from reviewer 02-17.) The first two technical peer reviewers recommended that the project be funded; the third recommended that funding be considered.

As technical advisor, Ness said that his recommendation is to fund the proposal at a level not to exceed \$37,500, and subject to the following contingency: NDIC Technical Advisor membership in the project Advisory Board that EERC will staff.

Ness said that Great River Energy is a conflict-of-interest party for this proposal.

Debra F. Pflughoeft of the Energy & Environmental Research gave a slide presentation in support of the proposal. John Weeda also spoke briefly in support of the proposal.

**Ballot results re: LRC-XLVIII-A ("Mercury and Air Toxic Element Impacts of Coal Combustion Byproduct Disposal and Utilization")**

Dwyer announced that the LRC voted as follows to recommend that the NDIC approve funding of the Grant Round XLVIII request: LRC-XLVIII-A ("Mercury and Air Toxic Element Impacts of Coal Combustion Byproduct Disposal and Utilization"; Submitted by: Energy & Environmental Research Center; Project Manager: Debra F. Pflughoeft-Hassett; Request for: \$37,500; Total Project Costs: \$1,500,000; Time Frame: 36months): **Fund: 19 votes. Do Not Fund: 0 votes.**

The LRC's recommendation for the Grant Round XLVIII request will be considered by the NDIC at its meeting on December 31, 2002.

**Project Update Presentation: “Long-Term Mercury Emission Reduction Strategy for Lignite-Fired Coal”**

Michael Holmes of the EERC gave a slide presentation titled “Mercury Control Strategy for North Dakota: EERC Perspective”. The presentation related to the following proposal from Grant Round XLV (45): “Mercury Control Technologies for Electric Utilities Burning Lignite Coals”. (NDIC Contract No. FY02-XLV-114). Ness said that a contingency for funding of this proposal was that EERC define a long-term North mercury emission control strategy. In April 2002, the EERC was asked to make a presentation about this strategy at the 11-26-02 LRC meeting.

Holmes said that the lignite industry’s recent formation of the ND Mercury Task Force is an example of the proactive involvement of the industry in dealing with potential mercury regulations of the U. S. Environmental Protection Agency, the Clear Skies Act, and the Clean Air Planning Act of 2002.

**Election of LRC Officers and LRC Executive Committee**

The Nominating Committee report was given by Senator Layton Freborg, chairman of the Nominating Committee. The other members of the Nominating Committee are LRC members John Bluemle of the ND Geological Survey (Ed Murphy, alternate) and Dick Bergstad of the International Brotherhood of Electrical Workers (Mark Hager, alternate). Freborg said that he, Murphy and Hager met and unanimously agreed to the following slate of nominees for the Lignite Research Council Executive Committee for the period of November 2002 through November 2004:

Chairman: John Dwyer, Lignite Energy Council.

Vice Chairman: Doug Kane, MDU Resources Group (Terry Hildestad – alternate).

Other Members of the LRC Executive Committee: David Loer, Minnkota Power Cooperative (Luther Kvernén, alternate); Randy Christmann, State Senator; Lee Peterson, ND Commerce Department (Linda Butts, ND Commerce Department – alternate); John Bluemle, ND Geological Survey (Ed Murphy – alternate); and Layton Freborg, State Senator.

After asking three times if there were any nominations from the floor, Dwyer asked for a motion to approve the Nominating Committee’s slate of the two LRC officers and the other five members of the LRC Executive Committee. Mike Hummel so moved; seconded by Vern Laning. Motion carried.

**Grant Application Deadlines; LRC Meetings**

Dwyer said that grant application deadlines for 2003 are April 1st and October 1<sup>st</sup>. The LRC will meet on May 21, 2003 and November 25, 2003.

**Other Business**

Dwyer said that since the R&D Program began, the LRC Executive Committee has been given the authority by the full LRC to make recommendations to the NDIC for their guidance in spending non-matching monies appropriated under the R&D program. He said that a priority identified by the ND Legislature in utilizing non-matching funds has been to support the development of the Lignite Vision 21 Program. Dwyer said that the LRC Executive Committee will meet immediately following today’s LRC meeting to consider a recommendations for applying the \$100,000 remaining in non-matching funds in the LMFS area to the Lignite Vision 21 Program.

**Adjournment**

There being no further business, Dwyer asked for a motion to adjourn the LRC meeting. Laning so moved; seconded by Hummel. Motion carried.